

Dee May
Vice President
Federal Regulatory



1300 I Street, NW, Suite 400 West
Washington, DC 20005

Phone 202 515-2529
Fax 202 336-7922
dolores.a.may@verizon.com

May 19, 2004

Erratum to Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Regulatory Review Requirements for Incumbent LEC Broadband Telecommunications Services, CC Docket No. 01-337; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338; Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities, CC Docket No. 02-33; and Appropriate Regulatory Treatment for Broadband Access to the Internet Over Cable Facilities, CC Docket No. 02-52

Dear Ms. Dortch:

Yesterday, Verizon filed an ex parte in the above proceedings. The signature page was inadvertently left out. Please substitute the attached corrected version of Jerome Holland's Supplemental Declaration. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dee May".

Attachment

cc: P. Arluk
M. Carey
T. Navin
S. Bergmann
M. Brill
D. Gonzalez
C. Libertelli
J. Rosenworcel

Dee May
Vice President
Federal Regulatory



1300 I Street, NW, Suite 400 West
Washington, DC 20005

May 18, 2004

Phone 202 515-2529
Fax 202 336-7922
dolores.a.may@verizon.com

Ex Parte

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Regulatory Review Requirements for Incumbent LEC Broadband Telecommunications Services, CC Docket No. 01-337; Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338; Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities, CC Docket No. 02-33; and Appropriate Regulatory Treatment for Broadband Access to the Internet Over Cable Facilities, CC Docket No. 02-52

Dear Ms. Dortch:

Verizon is providing the attached declaration of Jerome Holland, Vice President, Fiber Network Service for Verizon Network Services to supplement the record in the above proceedings. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Dee May".

Attachment

cc: P. Arluk
M. Carey
T. Navin
S. Bergmann
M. Brill
D. Gonzalez
C. Libertelli
J. Rosenworcel

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Petition for Forbearance of the Verizon)	CC Docket No. 01-338
Telephone Companies)	

SUPPLEMENTAL DECLARATION OF JEROME HOLLAND

1. My name is Jerome Holland, and I am Vice President, Fiber Network Service for Verizon Network Services ("Verizon"). On March 29, 2004, I submitted a declaration in support of Verizon's Petition for Forbearance in the above-captioned matter. I submit this further declaration in response to AT&T's April 15 *ex parte* letter^{1/} responding to that declaration and to the accompanying declaration of Scott Mollica.^{2/}
2. AT&T's response provides no real answer to the concerns raised in my original declaration. Rather, AT&T first suggests that, because my declaration focused primarily on Verizon's new Fiber to the Premises ("FTTP") network, "Verizon is conceding that unbundling of existing hybrid fiber-copper loops . . . can easily be accomplished." AT&T Ex Parte at 1. AT&T is wrong. As I explained in my initial declaration, every unbundling obligation inevitably raises a host of regulatory and operational problems and escalating costs that will

^{1/} Ex Parte Letter from C. Frederick Beckner III, Sidley Austin Brown & Wood, LLP, to Marlene H. Dortch, FCC, WC Docket Nos. 01-338, 03-235, 03-260 (Apr. 15, 2004) ("AT&T Ex Parte").

^{2/} Declaration of Scott Mollica (attached to AT&T Ex Parte) ("Mollica Decl.").

lead to strong disincentives for deployment.^{3/} In the case of hybrid fiber-copper loops, Verizon must still invest in a significant amount of infrastructure in order to expand the availability of DSL to consumers. This year alone, Verizon plans to expand the availability of DSL to an additional 7 million lines, many of which are hybrid loops. In order to do so, Verizon will still need to invest in packet switching on the loops and in additional fiber -- both to create hybrid loops where no fiber currently exists and to extend the reach of existing hybrid fiber-copper loops. If Verizon were forced to unbundle its hybrid loop facilities, to provide access to packet switched capabilities for example, Verizon would be subject to significant added costs and operational complexities in order to develop and implement the systems and operational processes necessary to provide unbundled access to these facilities and correspondingly lesser incentive to deploy at its currently planned rate. Moreover, such unbundling would hardly be “easy” as Verizon would face greater complexities and costs associated with providing Operational Support Systems (“OSS”) as well as with training technicians to support the unbundled portions. Thus, forced unbundling of the hybrid fiber-copper loop would not only deter investment, it could not easily be accomplished.

3. AT&T’s arguments about FTTP unbundling are equally misplaced. AT&T suggests that Verizon has stated that it is “technically impossible” to unbundle FTTP. AT&T Ex Parte at 2. That is, of course, not Verizon’s claim. Rather, Verizon’s concern is that any requirement to unbundle our FTTP network would substantially increase the cost and operational complexity of this new network, undermine the economics of this risky new investment and delay deployment. These problems are compounded in this context because, at present, we

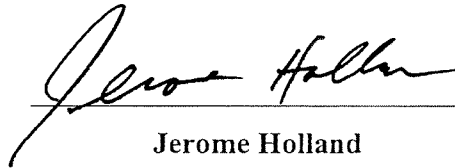
^{3/} Declaration of Jerome Holland ¶¶ 2, 20 (attached to Letter from Ann D. Berkowitz, Verizon, to Marlene H. Dortch, FCC, WC Docket Nos. 01-337, 01-338, 02-33, 02-52 (Mar. 29, 2004)) (“Holland Decl.”).

do not know *how* to unbundle our FTTP network or even what would be required. While this does not mean that it would be impossible to do so, given unlimited amounts of time and money, it does exacerbate the problems inherent in imposing an unbundling obligation. As stated in my prior declaration, the new FTTP network is a *new* network that has been designed optimally and efficiently. To unbundle now would require the network to be redesigned – in ways that are yet unknown -- at significant cost, delay and inefficiency. See Holland Decl. ¶ 15.

4. Indeed, AT&T's submission only highlights the uncertainties, difficulties and costs that will inevitably follow from any unbundling requirement. AT&T argues for example that, at least for one network architecture, the ATM switch should be construed to be part of a loop. AT&T Ex Parte at 3. AT&T's speculation about the feasibility of "unbundled access at [an] ATM switch," not only demonstrates that applying unbundling requirements to a broadband network will be materially different from previous narrowband experience, it also portends the inevitable lengthy disputes that will take place in determining what and how to unbundle. *Id.* Moreover, since the architecture submitted by AT&T is not the one being deployed by Verizon, AT&T's attempt to unbundle that architecture is also meaningless. Even the promotional materials attached to Mr. Mollica's declaration state that the Alcatel 7340 FTTP architecture "provides a superior platform for *bundled* services and serves a range of [FTTP] applications, including residential, small office/home office (SOHO), multiple dwelling unit (MDU), and small business." Attachment to Mollica Decl. at 2 (emphasis added). Nowhere does that brochure support AT&T's suggestion that Alcatel's architecture, much less the architecture that Verizon is actually planning to deploy, would be amenable to efficient unbundling.

5. Finally, AT&T's claims that it would neither be costly nor difficult to provide OSS to support unbundled FTTP are also inaccurate in several ways. AT&T Ex Parte at 4. First, as I explained in my original declaration, Verizon is building entirely new systems to support the FTTP deployment. Holland Decl. ¶ 16. Thus, contrary to AT&T's claim, Verizon cannot simply build on the existing OSS in place for narrowband network elements to support the new FTTP product. See AT&T Ex Parte at 4. As further explained in my declaration, in order to provide OSS to support multiple carriers if unbundling were required, Verizon would have to redesign its network, duplicate the complicated systems currently in place for narrowband, sacrifice efficiency and quality and incur enormous delays and costs. See Holland Decl. ¶¶ 16-18. Second, AT&T is likewise wrong in equating the OSS needed to manage unbundled access to various network elements with OSS that would be needed to accommodate a requirement to make retail services available for resale because the two are fundamentally different. The OSS needed to provide and manage access to various individual network elements is vastly different (and more complicated) than the OSS needed to permit other carriers to resell a retail service. In order to provide OSS on a multi-carrier unbundled network, Verizon would have to develop and implement OSS to first unbundle the piece parts of the FTTP network to allow for multiple points of entry and then provide the physical as well as operational support for each of those unbundled elements. These include operational support, provisioning, billing, order-processing, maintenance, tracking systems and other functions for each of the unbundled piece parts. The differences in tracking, systems, support and costs, much like the differences between selling a car to a dealer instead of unbundling, tracking, maintaining, supporting and selling each component of the car, are vast and simply cannot be compared.

I hereby declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and to the best of my knowledge, information, and belief.


Jerome Holland

Executed on May 18, 2004